

**West Baton Rouge Parish
Transportation Authority
Port Allen, Louisiana
December 31, 2012**

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June 19, 2013

Independent Auditor's Report

Board of Directors
West Baton Rouge Parish Transportation Authority
Port Allen, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of West Baton Rouge Parish Transportation Authority (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Baton Rouge Parish Transportation Authority as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2013, on our consideration of West Baton Rouge Parish Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Baton Rouge Parish Transportation Authority's internal control over financial reporting and compliance.

Yours truly,

Hawthorn, Weymouth & Connel, LLP

West Baton Rouge Parish Transportation Authority
Statements of Financial Position
December 31, 2012 and 2011

A s s e t s

	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and cash equivalents	\$ 5,219	\$ 97,208
Accounts receivable	<u>—</u>	<u>168,502</u>
Total current assets	5,219	265,710
Property and Equipment		
Construction in progress	<u>1,344,714</u>	<u>1,012,984</u>
Total assets	<u><u>\$1,349,933</u></u>	<u><u>\$1,278,694</u></u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ —	\$ 260,504
Net Assets		
Unrestricted	<u>1,349,933</u>	<u>1,018,190</u>
Total liabilities and net assets	<u><u>\$1,349,933</u></u>	<u><u>\$1,278,694</u></u>

The accompanying notes are integral part of these financial statements.

West Baton Rouge Parish Transportation Authority
Statements of Activities
Years Ended December 31, 2012 and 2011

<u>UNRESTRICTED</u>	<u>2012</u>	<u>2011</u>
Support and Revenue		
State Appropriations	\$ 331,730	\$ 985,043
Interest income	<u>13</u>	<u>28</u>
Total support and revenue	<u>331,743</u>	<u>985,071</u>
Expenses		
Fees	<u>—</u>	<u>4</u>
Total expenses	<u>—</u>	<u>4</u>
Change in Net Assets	331,743	985,067
Net Assets, beginning of year	<u>1,018,190</u>	<u>33,123</u>
Net Assets, end of year	<u>\$1,349,933</u>	<u>\$1,018,190</u>

The accompanying notes are integral part of these financial statements.

West Baton Rouge Parish Transportation Authority
Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 331,743	\$ 985,067
(Increase) Decrease in assets:		
Accounts receivable	168,502	(168,502)
Increase (Decrease) in liabilities:		
Accounts payable	<u>(260,504)</u>	<u>260,504</u>
Net cash provided by operating activities	<u>239,741</u>	<u>1,077,069</u>
Cash Flows From Investing Activities		
Additions to construction in progress	<u>(331,730)</u>	<u>(985,043)</u>
Net cash used in investing activities	<u>(331,730)</u>	<u>(985,043)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(91,989)	92,026
Cash and Cash Equivalents, beginning of year	<u>97,208</u>	<u>5,182</u>
Cash and Cash Equivalents, end of year	<u>\$ 5,219</u>	<u>\$ 97,208</u>

The accompanying notes are integral part of these financial statements.

West Baton Rouge Parish Transportation Authority
Notes to Financial Statements
December 31, 2012

Note 1-Nature of Activities

West Baton Rouge Parish Transportation Authority's ("the Transportation Authority") exclusive objective and purpose is to engage in lawful activity in which a nonprofit corporation organized as a transportation authority under Chapter 26 of Title 28 of the Louisiana Revised Statutes of 1950, as amended, may so engage by virtue of said Act or by general law, including but not limited to the development, acquisition, installation or equipping of tollways as defined in the Act, all in accordance with the directions received from its Board of Directors.

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

The Transportation Authority reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets include those net assets whose use by the Transportation Authority is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those net assets whose use by the Transportation Authority has been limited by donors (a) to later periods of time or other specific dates, or (b) to specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting the Transportation Authority's use of the assets. At December 31, 2012 and 2011, the Transportation Authority had no temporarily or permanently restricted net assets.

B. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

C. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Transportation Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

D. Accounts Receivable

As of December 31, 2012 and 2011, the Transportation Authority considered its accounts receivable to be fully collectible; therefore, no allowance for doubtful accounts was recorded.

West Baton Rouge Parish Transportation Authority
Notes to Financial Statements
December 31, 2012

Note 2-Summary of Significant Accounting Policies (Continued)

E. Property and Equipment

Property and equipment are stated at cost, or, if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is based upon the estimated useful lives of the related assets utilizing the straight-line method. The Transportation Authority's policy is to capitalize expenditures for those items in excess of \$1,000. Lesser amounts are expensed when incurred. As of December 31, 2012 and 2011, the balance of property and equipment is comprised of construction in progress; accordingly, no depreciation expense was recorded in 2012 or 2011.

F. Income Taxes

The Transportation Authority is currently applying for exemption status from the Internal Revenue Service.

In management's judgment, the Transportation Authority does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date.

With few exceptions, the statute of limitations for the examination of the Transportation Authority's income tax returns is generally three years from the due date of the tax returns, including extensions. The tax Form 990 is prepared on a fiscal year basis. The tax years open for assessment are from the Transportation Authority's inception of 2010.

Note 3-Economic Dependency

The Transportation Authority is solely funded through State of Louisiana appropriations. If the state should fail to appropriate future funds, the Transportation Authority would no longer be able to operate without a new source of funding.

Note 4-Subsequent Events

The Transportation Authority evaluated all subsequent events through June 19, 2013, the date the financial statements were available to be issued. As a result, the Transportation Authority noted no subsequent events which required adjustment to, or disclosure in, these financial statements.

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June 19, 2013

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
West Baton Rouge Parish Transportation Authority
Port Allen, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of West Baton Rouge Parish Transportation Authority (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise West Baton Rouge Parish Transportation Authority's financial statements, and have issued our report thereon dated June 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Baton Rouge Parish Transportation Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Baton Rouge Parish Transportation Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of West Baton Rouge Parish Transportation Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Baton Rouge Parish Transportation Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yours truly,

Hawthorn, Wapgrouth & Powell, LLP

**West Baton Rouge Parish Transportation Authority
Schedule of Findings and Questioned Costs
Year Ended December 31, 2012**

Findings-Financial Statement Audit

None.

**West Baton Rouge Parish Transportation Authority
Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2012**

Findings-Financial Statement Audit

None.